DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Fannin HB No. 783

Abstract: Authorizes the issuance of bonds secured by funds in the State Highway Improvement Fund.

Present law provides for the State Highway Improvement Fund of which the source of monies is registration and license fees and taxes on trucks and trailers.

Proposed law provides that the source of monies in the fund shall be those amounts as remain after payment of amounts due on bonds and related expenses any bonds issued under proposed law.

Proposed law provides for the Louisiana State Bond Commission (commission), on behalf of the Dept. of Transportation and Development (department), to issue bonds, notes, certificates, or other evidences of indebtedness (bonds), for the purpose of funding projects set forth in present law, and pledge monies in the State Highway Improvement Fund for the payment of the principal and interest of such bonds. The commission is further authorized by proposed law, in its discretion, to pledge all or any part of any gift, grant, donation, or other sum of money, aid, or assistance from the U.S., the state, or any political subdivision thereof, unless otherwise restricted by the terms thereof, all or any part of the proceeds of bonds, credit agreements, instruments, or any other money of the commission, from whatever source derived, for the further securing of the payment of the principal and interest of the bonds. Proposed law provides that any bonds issued pursuant to proposed law are revenue bonds under Art. VII, §6 of the Constitution of La., and are payable solely from an irrevocable pledge and dedication of the registration and license fees and taxes collected by the state and deposited into the State Highway Improvement Fund, or other receipts or income derived by or in connection with an undertaking, facility, project, or any combination thereof, without a pledge of the full faith and credit of the state, (hereinafter collectively revenues).

Proposed law provides that in accordance with the provisions of present constitution (Const. Art. VII, §(9)(A)(6)), exempting monies pledged in connection with revenues bonds from deposit in the treasury, a special fund is established for the purpose of providing for the securitization of any bonds which may be issued pursuant to the provision of proposed law The fund shall be administered by a trustee as designated by the State Bond Commission. The source of monies for the fund shall be the registration and license fees and taxes on trucks and trailers. All revenues received from such registration license fees and taxes as are necessary to provide for all requirements associated with the bonds as provided in proposed law shall be classified and set aside in a separately identifiable fund or account outside of the state treasury but maintained by the state treasury and such revenues shall be assigned and pledged to the trustee under the documents pursuant to which the bonds were issued for the benefit of the holders of the bonds. Only after satisfaction of all requirements of proposed law, shall any monies received by the state from the registration and license fees and taxes on trucks and trailers, be available for any other purposes, and specifically for the provisions related to the State Highway Improvement Fund.

Proposed law provides that the bonds issued are not to be deemed to constitute a pledge of the full faith and credit of the state or of any governmental unit. The issuance of bonds under the provisions of proposed law do not directly, indirectly, or contingently obligate the state or any governmental unit of the state to levy any taxes or to make any appropriation for their payment.

Proposed law provides with respect to the authorization of bonds by a resolution of the commission and shall be of such series, bear such date or dates, mature at such time or times, bear interest at such rate or rates, including but not limited to fixed, variable, or zero rates, be payable at such time or times, be in such denominations, be in such form, carry such registration and exchangeability privilege, be payable in such medium of payment and at such place or places, be subject to such terms of redemption prior to maturity at such price or prices as determined by the commission, and be entitled to such priority on the revenues as such resolution or resolutions may provide.

Proposed law provides that the bonds are to be sold by the commission at public sale by competitive bid or negotiated private sale and at such price as the commission may determine to be in the best interest of the commission and the state.

Proposed law provides that the issuance of the bonds are not subject to any limitations, except that the bonds are included in the calculation of "net state tax supported debt".
Proposed law provides that for a period of 30 days after the date of publication of a notice of intent to issue bonds in the official journal of the commission authorizing the issuance of bonds, any person in interest shall have the right to contest the legality of the resolution and the legality of the bond issue for any cause, but after that time no one shall have any cause or right of action to contest the legality of the resolution or of the bonds or the security therefor for any cause whatsoever.

Proposed law provides that if no suit, action, or proceeding is begun contesting the validity of the resolution, within 30 days, the authority to issue the bonds and to provide for the payment thereof shall be conclusively presumed to be legal and shall be incontestable.

Proposed law provides that all bonds issued pursuant to proposed law shall have all of the qualities of negotiable instruments under the commercial laws of the state.

Proposed law provides that any pledge of the revenues or other monies made by the commission shall be valid and binding from the time when the pledge is made. Any trust agreement or other instrument by which a pledge is created need not be filed or recorded except in the official records of the commission.

Proposed law provides that neither the member of the commission nor any person executing the bonds shall be liable personally for the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Proposed law provides that bonds of the commission, their transfer, and the income thereof are exempt from all taxation by the state or any political subdivision thereof, and may or may not be exempt for federal income tax purposes. The bonds issued pursuant to proposed law are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries, trustees, and guardians. Such bonds are eligible to secure the deposit of any and all public funds of the state and any and all public funds of municipalities, parishes, school districts, or other political corporations or subdivisions of the state. Proposed law provides that when the bond are issued, neither the legislature, the state, nor any other entity may act to impair any obligation or contract for the benefit of the holders of the bonds or discontinue or decrease the fees, taxes, rates, or other revenues pledged to the payment of the bonds authorized hereunder or permit to be discontinued or decreased said revenues in anticipation of the collection of which such bonds have been issued, or in any way make any change in the allocation and dedication of any fee, rate, or other revenues which would diminish the amount of the revenues to be received by the commission, until all such bonds shall have been retired as to principal and interest.

Proposed law provides that the holders of the bonds have such rights and remedies as may be provided in the resolution or trust agreement authorizing the issuance of the bonds.

Proposed law provides that subject to the agreements with the holders of bonds, all proceeds of bonds and all revenues pledged under a resolution or trust agreement authorizing or securing such bonds shall be deposited and held in trust in a fund or funds separate and apart from all other funds of the state treasury or of the department.

Proposed law provides that the commission is authorized to employ all professionals it deems necessary in the issuance of the bonds.

Proposed law provides that the commission is authorized to enter into any and all agreements or contracts, and perform any and all acts necessary, convenient, or desirable for the issuance of the bonds or to carry out any power expressly given in proposed law.

Effective July 1, 2012.

(Amends R.S. 48:196(A); Adds R.S. 48:196.1)